



HEMLOCK
DIRECTIONAL
BORING

TO: Honorable Members of the Labor & Public Employees Committee
FROM: Wendy Traub, Hemlock Directional Boring, Inc. & NFIB/CT Leadership Council
RE: Small Business Opposition to HB-6784 (paid leave expansion) & HB-6932 (FMLA bill)
DATE: March 5, 2015

Thank you for granting the public the opportunity to speak and for your undivided attention to those who are here to offer their opinions on proposed legislation.

I am speaking to you today regarding HB 6784, Expanding Paid Sick Leave and HB 6932, Paid Family Medical Leave.

My name is Wendy Traub. My husband and I have owned a small, specialized construction company since 1994. During our busy season, we employ between 10 and 20 employees.

When mandated paid sick leave was first enacted, we knew it was only a matter of time before small business owners would be targeted for inclusion. With the proposed change to decrease the number of employees from 50 to 10, as well as the removal of a set list of defined service workers, all small businesses will be affected. At this critical juncture for our state's economy, the last things small businesses need are additional costs, burdens and mandates. With unemployment in our state still higher than most other states and businesses closing their doors every day, expanding mandated paid leave to small business would have damaging results. Recent studies by the NFIB Research Foundation on the impact that similar paid sick leave proposals would have in nearby states have found adverse effects on small businesses and the states' economies, including higher costs, lost jobs, declining sales and decrease in production output.

It has been my experience that small business owners and their employees have somewhat of a family-type relationship. Both enjoy the flexibility associated with this type of arrangement. We offer our employees paid vacation, holiday and sick days, we continue to pay 80% of their health insurance premiums, we offer a

SIMPLE retirement plan with matching funding, paid training opportunities, paid OSHA certifications and even tuition reimbursement under qualified conditions. These benefits were offered without outside influence and without government intrusion or mandate because we simply realize the importance of these benefits to our employees and we value their service.

Small business owners realize that employee retention is hugely tied to these types of benefits. We should continue to be allowed to determine which benefits are offered and to what degree. We are more familiar with the needs of the employees in our specific lines of work and should be free to decide what combinations of paid benefits are most valuable to them and equally affordable to us, who must bear the additional financial burden. In addition, our employees appreciate the ability to corroborate with their employers when they may have a personal or family issue that requires special consideration. Additional mandates will reduce the employers' ability to be flexible.

Regarding HB-6932, the establishment of a Family and Medical Leave Compensation Program to include employers with two or more employees, is also of concern to small business owners. While it is being billed as a voluntary program, as evidenced by so many bills before, it may only be a matter of time before it becomes mandated that every employee participate. Unlike large corporations, smaller companies do not have the workforce to accommodate a loss of even one employee on a short-term basis, or worse yet, a fragmented basis, as this bill would allow. There may be no option to have another employee absorb the extra duties, therefore work may be halted, production may decline, hours of operation may need to be decreased and therefore business may be lost. In a tight economy, such as CT has experienced for many years, it may mean another business closes its doors. Because the employee contribution will be a payroll deduction, it is only natural to assume additional paperwork will be required on behalf of the employer, who, in most cases, doesn't have a Human Resources department that will handle the added reporting requirements. There is also the question of what happens if an employee pays into this program but never utilizes it. Will it eventually be seen as another type of unemployment fund and therefore the contributions will someday be borne by the employer instead of voluntarily by the employee? We have already witnessed the disastrous financial affects the bankruptcy of the unemployment fund in CT continues to have on all of us in the form of special assessments.

As with many bills that cross your desks, there are so many unintended consequences to small business owners when we are forced into a one-size-fits-all mandate. I believe there is a reason that both state and federal FMLA currently exempts small businesses and feel that this piece of legislation corrodes the basis of those beliefs. Entrepreneurship and small business ownership are the cornerstones of this state and, in fact, this great nation. Each time a piece of legislation is passed in

the guise of helping, it undermines our ability to maintain a balance between responsible ownership and continued success.

I am here to ask that you consider the voices of small business owners in our cities, towns and communities across the State of CT and the people that utilize or visit those establishments every day. These mandates will further whittle away at our rights as private business owners to determine what is best for us and for our employees. If job growth is a priority in our State, I can assure you that these benefit bills will do more harm than good. The loss of more jobs may be the ultimate unintended consequence.

Sincerely,

A handwritten signature in cursive script, appearing to read "Wendy Traub".

Wendy Traub